

It was stated that a report of August 30, 1889, ^{^a<^} shown a clandestine circulation of 9,000,000 liras by the Roman Bank, and that it was known to Signor Crispi, then President of the Council of Ministers, as well as to Signor Giolitti.¹

These discoveries were a death-blow to the Italian banking system as it then existed. The Roman Bank was compelled to liquidate, and its affairs were taken in charge by the National Bank. The privilege of the banks expired in 1889 and 1890, but had been renewed for brief periods until the close of 1892. A law was then pending, proposed by Signor Griinakli, which provided for a renewal for six years, and that every bank should accept the notes of the others. But this project went by the board when the rottenness of the existing banking system was discovered, and the government seized the opportunity to push a step further the policy of unity and consolidation. The National Bank of the Kingdom was badly compromised, and the redemption of its notes in specie was indefinitely suspended, but it was made the basis of the new institution founded by the law of August 10, 1893.

The new law provided for the fusion of the National Bank of the Kingdom of Italy with the National Bank of Tuscany and the Tuscan Bank of Credit. The name of the new institution is simply the Bank of Italy, audit is required to establish offices or branches wherever they have been established by the National Bank of Tuscany. The capital of the new bank was fixed at 300,000,000 liras (\$60,000,000) and its privileges were confirmed for twenty years. The Roman Bank was already in process of liquidation when this act was passed, so that the only remaining banks of issue are those of Naples and Sicily. The maximum limit of circulation during the continuance of the forced legal tender policy, was fixed at 800,000*000 liras for the Bank of Italy, 242,000,000 liras for the Bank of Naples, and 55,000,000 liras for the Bank of Sicily. This circulation is to be reduced every two years after 1897, ^{aiu^} until in 1907 it shall stand

¹ Le Marchl Financier en i8gj-g,f, 131.